

Mortgages – general conditions booklet

Valid for new mortgage applications made from 31st October 2023

The **conditions** on which we make mortgage loans fall into the following categories:

- a Conditions which form part of the **mortgage deed**, and are in our **mortgage conditions booklet**.
- b Conditions which are special to you and your application. These are shown in your **offer** and are called 'special conditions'.
- c General conditions which apply unless we have written to say they do not or they are inconsistent with your **offer**. These general conditions are shown in this **general conditions booklet**.
- d For some mortgage products specific product terms will apply. We will give you these with your **offer**. If the product terms say something different from the **general conditions booklet** or our **mortgage conditions booklet**, the product terms will apply.

They are important documents. If you have any questions before your mortgage starts, your solicitor or conveyancer will help you. If you have any questions after your mortgage starts, please contact us.

If you do not understand any of these, please ask your solicitor to explain them. It is important you understand all the terms of your **mortgage** before you sign any paperwork for the loan.

Please read this general conditions booklet together with your offer and the mortgage conditions booklet. The mortgage conditions booklet is the Nottingham Building Society mortgage conditions (eighth edition).

Words with special meanings have the meanings explained in the mortgage conditions booklet where they appear in bold in this general conditions booklet.

Also,

"We", "us" and "our" means Nottingham Building Society. It includes anyone who takes over any of our legal rights under the **mortgage**. If we transfer our rights under the **mortgage** to someone else, it also means the person we transfer them to.

"You" and "your" means the person(s) named as the borrower in the **mortgage deed**. It includes anyone (other than the Guarantor in their capacity as guarantor) who takes over the legal rights and duties of any such person. This might be, for example, the personal representatives of the borrower if they die.

'Principal office' – means our head office, currently at 3 Fulforth Street, Nottingham NG1 3DL.

1 Interest – how it is worked out and charged

- 1.1 All **interest rates** are **variable rates** unless we tell you otherwise in your **offer**. We will tell you in your **offer** the type or types of variable **interest rate** that apply to each of your loans.
- 1.2 Your solicitor or conveyancer (where relevant) will tell us when they need the money to purchase the **property**. To avoid delay and ensure they have cleared funds available early on the day of completion, we will normally send them the loan money one working day earlier than the date they give us.
- 1.3 We charge interest on the **whole debt** from the day we send the loan money until the **whole debt** has been repaid in full.
- 1.4 Sometimes we will hold back some of the money. An example of why we might do this is if the **property** has certain repairs which need to be done. We call this a retention. If we keep a retention, we will only charge interest from the day we send the retention to your solicitor or conveyancer.
- 1.5 Annual interest calculation

If your **offer** says that interest is calculated annually, the annual interest calculation described in this condition 1.5 applies.

Interest is calculated on the **capital** (including any amounts we add to the **capital** for the purposes of applying interest). We usually charge you interest for the full year calculated on the **capital** you owe on 1st January.

In the first year of your loan we will calculate interest on the **capital** from the day we send your loan money to 31st December.

After that the **whole debt** on 31st December becomes the **capital** amount for the purpose of calculating the following year's interest.

During the year the **capital** on which interest is calculated will not change except as described in condition 1.7.

1.6 Daily interest calculation

If your **offer** says that interest is calculated daily, the daily interest calculation described in this condition 1.6 applies.

In the first month of your loan we calculate interest on the **capital** from the day we send your loan money to the last day of that month.

After that on the 1st of each month we will calculate a full month's interest on the **capital** (including any amounts we have added to the **capital** for the purposes of applying interest) at the start of the month and add the interest to your mortgage

account.

When we receive a payment, we immediately reduce the **capital** and from the next day recalculate interest for the rest of that month on the new lower **capital**. On the last day of each month, the interest for that month is added to the **capital** and we recalculate interest on the new higher **capital** from the 1st day of the following month.

Any overdue interest or other amounts added to your loan will immediately increase the **capital** and increase the interest we charge from the next day.

Interest on the overdue interest or other amounts will be payable at the rate we normally charge you.

The **capital** on which interest is calculated will also change as described in condition 1.7.

1.7 Changes to the **capital**

During the year the **capital** on which interest is calculated (whether interest is charged on the annual or daily basis) will also change where:

- we lend you more money (see condition 1.3); or
- you make a **capital** repayment (see condition 4), in which case the change will be from the day after we receive it; or
- we add to your loan charges or fees for services you ask us to provide, in which case the change will be from the day after we add them; or
- we add to your loan charges, fees or other costs specified in an offer to rearrange your **mortgage** (see conditions 2.10); or
- we add overdue interest to your loan as described in Condition 3 of the **mortgage conditions booklet**; or
- we change the **capital** for some other valid reason as described in Condition 4 of the **mortgage conditions booklet**.

Except where described differently in these conditions, when the **capital** changes we charge interest on the new **capital** from the day of the change. When the **capital** is changed for a reason described in this condition, we will calculate a new **monthly mortgage payment** (see condition 3.4).

2 Changing your variable rate

- 2.1 The **variable rates** described in these conditions (whether interest is charged on the annual or daily basis) work in different ways and are not linked to each

other. The **interest rate** for each of them may at any time be higher or lower than any other of them. You cannot change between them except as may be specified in your **offer**.

- 2.2 The actual **variable rate** that applies to you may change either before completion or during the life of your loan. This could result in an increase or decrease in the **interest rate**. We set out the circumstances under which your **interest rates** may change at Condition 2.3.

Conditions 2.8 and 2.9 explain when a change we make to one of our **variable rates** will begin to affect you. Condition 2.11 explains when a change we make to one of our **variable rates** may not affect you, or affect you differently.

- 2.3 We can increase a **variable rate** that we control at any time if we reasonably believe that we need to make the change for one or more of the following reasons:

because there has been a change in the Bank of England's base rate (called its "repo" rate) or other external independent rates or indices or we know they are going to change because the relevant authority has started the relevant change;

- to respond to changes to costs reasonably incurred with providing the relevant product or service, including our administrative costs;
- to maintain our financial stability for the benefit of all our members, having proper regard to our status as a mutual society, or to comply with regulatory requirements;
- to respond to changes to our costs in raising the money we lend to our borrowing members. This is because we use the money that people save with us, along with money we raise from other financial bodies, the financial markets, and investors, to lend to our borrowers. We have to balance the interest rates we charge on our mortgages with the rates we pay our savers and the rates we pay to borrow or raise other funds;
- to enable us to harmonise, in a reasonable manner, the interest rates being paid by our borrowers following any acquisition or transfer of mortgages or any takeover of, or merger with, another mortgage provider;
- because of a change in law, a decision by a court, ombudsman, regulator or similar person, or to comply with any code or statement of practice which applies to us which impacts the costs of running our business.
- If we increase the rate, the amount of the increase will not be greater than we reasonably believe is justified by the reason or reasons for making the change.

- 2.4 Where your **variable rate** is not one of our Bank of England tracker rates, you should not expect changes in your rate to track changes in the Bank of England's

rate or any other independent rate.

- 2.5 During the period for which the tracker mortgage rate or tracker **variable rate** applies the following conditions apply:

- The relevant rate follows the Bank of England's base rate (called its "repo" rate). If, though, the Bank of England stops publishing its base rate, the tracker rate will instead follow such other independent rate as, in our reasonable opinion from time to time, has (as nearly as possible) the same function in the UK financial markets. We will tell you about it before we make the change.
- We will compare the tracker rate to the Bank of England's base rate at least once in each calendar month, normally at the earlier of the end of:

- the working day following the day on which the Bank of England announces its base rate; or
- the 12th day of the month, or if the 12th is not a working day, the next working day.

If the rates are different when we compare them we will, no later than the 20th of that month, change the tracker rate to be the same as the Bank of England's new base rate.

If, though, the Bank of England makes more than one base rate announcement in any calendar month:

- where the additional announcement is made on or before the 12th day of the month, and we have not already made a change to the tracker rate, we will at the end of the working day following the Bank of England's announcement make a further comparison; but
- otherwise, we will not make a further comparison in that calendar month.

- 2.6 Where condition 2.11 applies your **interest rate** will no longer follow the Bank of England's base rate until such time as condition 2.11 stops applying.
- 2.7 Otherwise than where condition 2.5 applies, we will tell you in advance about any increase to an **interest rate** payable under your **mortgage** by letter or other personal notice.
- 2.8 We can reduce the **interest rate** payable under your **mortgage** at any time and tell you we have made the change. We may do this either:
- by general notice in our branches and principal office together with press advertisements; or

- by general notice in our branches and principal office, together with a letter or other personal notice sent no later than 21 days after the change.

In either case, the change will not happen before the date when the notice is first displayed at our principal office.

- 2.9 If, on the date we change a **variable rate** payable under your **mortgage**, we have already sent the loan money, your **interest rate** will change from the 1st of the next month.
- 2.10 If, on the date we change a **variable rate** payable under your **mortgage**, we have not yet sent the loan money, the new **interest rate** will apply when we send it.

We will tell you about the change in the **interest rate** at the earliest opportunity (and in any event no later than one working day after) by letter or other personal notice. You may not receive this letter or notice before the loan money is sent.

- 2.11 Where your **interest rate** changes for any other valid reason, for example because your **mortgage** is being rearranged or you have reached the end of a product period, we charge interest at the new rate from the day of the change. We will tell you this in advance by letter or personal notice.
- 2.12 Where your **offer** describes your **interest rate** as having a ceiling (a maximum rate of interest) or a floor (a minimum rate of interest) this condition will apply during the period stated in your **offer**.

When we change an **interest rate** that otherwise would apply to you and change your **interest rate** making it:

- higher than the ceiling interest rate in your **offer**; or
- lower than the floor interest rate in your **offer**;

your **interest rate** will change to be the interest rate stated for either the ceiling or the floor as relevant to that change.

When your **interest rate** is fixed at the ceiling or floor rate we will stop telling you about changes in the interest rate where the new rate is further increasing above the ceiling rate or reducing below the floor rate.

We will again tell you about changes in your **interest rate** when:

- we change an **interest rate** and the change will make your **interest rate** higher than the floor interest rate or lower than the ceiling interest rate; or
- this condition no longer applies.

3 Your mortgage payments and changes to them

3.1 Regular payments

Your **monthly payments** will be:

- the **monthly mortgage payment**; plus
- any other amount you have agreed to pay (such as an insurance premium).

3.2 Payment due date

Your first **monthly payment** will be due 27 days after we send the money for your first loan, unless we have agreed otherwise with you. After this, payments will be due on the same day each month after that.

This could mean your first payment is due in the same month as we send the loan money. For example, if the first time we send any loan money is the 1st June, your payments will be due on the 28th of each month and the first payment must reach us by the 28th June.

If the payment date we set does not suit you and you want to change it, perhaps because it is just before your payday, let us know and we may agree to change it. We will only do this if the new payment date is within the same calendar month.

If you have a further advance, or we send your first loan in stages or hold back any money (called a retention), the additional **monthly payment** will be due on the same day as your current payment. This could be less than 27 days from the day we send the additional money.

3.3 First payment

The first payment we ask you to make after releasing your loan money will be higher than the regular payment. This is because it will include a part month's interest which is interest to be paid to the end of the month in which the loan money is released as well as the regular full **monthly payment**.

For example, if we send money on 9th June, the first payment will be due on 6th July and will include interest from 9th to 30th June and the regular **monthly payment** for July.

3.4 Payment changes

We will calculate a **monthly mortgage payment** when your first loan is made. We will only calculate a new payment when:

- your **interest rate** changes; or

- we lend you more money; or
- you make a **capital** repayment (see condition 4); or
- your **capital** changes for any other reason (see condition 1.7); or
- your mortgage is rearranged – for example your loan changes from interest-only to repayment; or
- your mortgage changes in any other way that requires a new **monthly mortgage payment**.

When we calculate a new **monthly mortgage payment**, the first monthly payment at the new rate will:

- if the change results solely from a change we have made in a **variable rate** payable under your mortgage described in conditions 2.1 to 2.9 and 2.11, normally be due in the calendar month in which the change is made if your payment date is after the date of the relevant change in the **variable rate**; and
- in any other case, be due on the first payment date after the change is made, even if this is in the same calendar month that the change is made.

In either case, if your **monthly mortgage payments** are made by direct debit and the next collection is due less than 10 days after the **monthly mortgage payment** is changed, we may not be able to change the next collection amount in time, in which case the direct debit will change from the next month.

We will give you personal notice of any change in the monthly mortgage payment.

We will tell you how much your new payment will be and when the change will take effect.

We may do this after each **interest rate** change (or other change affecting **monthly mortgage payments**), or we may write to you less often, telling you about changes to your **monthly mortgage payments** resulting from **interest rate** (and other relevant) changes since your **monthly mortgage payments** were last worked out.

We will try to give you as much advance notice as we reasonably can of any change to the **monthly mortgage payment**.

3.5 Payment allocation

When you make a payment by direct debit it will be allocated to the loan(s), the direct debit is linked to.

When a payment is not made by Direct Debit, it will be allocated firstly to any payment shortfall. After that, if you have more than one loan with us, you can ask us to allocate your monthly payment between each loan and we will agree this with you unless it is unreasonable to do so. This is known as a payment agreement. If we do not agree a way of allocating your payments, we will generally allocate the payment amongst your loans in proportion to each loan's **monthly mortgage payment**

4 Extra payments

4.1 An "extra payment" is one which is over and above those which are then due to us; but it does not include a final payment to fully pay off your loan (which will be dealt with in accordance with condition 1.5 or 1.6). Your **offer** will tell you if you are allowed to make extra payments and any conditions or restrictions that apply.

4.2 When extra payments are made:

- Where the extra payment is for a single sum of at least £500 more than your regular **monthly mortgage payment** (a capital payment) and you tell us at the time we will:
 - adjust the interest from the day after we receive the payment
 - calculate a new **monthly mortgage payment**; the new payment will be due from the first monthly payment date after we make this calculation. Where payments are made by Direct Debit we may not be able to change the next collection amount if it is due within [10] days after the capital payment is received, in which case we will change it from the next month

The minimum amount for a capital payment changes from time to time so please check with us first.

4.3 When the extra payment is not a "capital payment" (as explained to in condition 4.1 above) we will not:

- make any adjustment to interest except where your interest is calculated daily; or
- calculate a new **monthly mortgage payment**.

4.4 If you have more than one loan and wish any extra payment (whether or not a capital payment) to be allocated to one of them, you should tell us when you make it. Otherwise, we will generally allocate it among your loans in proportion to each loan's **monthly mortgage payment**.

5 The different ways of repaying your loan

- 5.1 There are two ways of repaying your loan(s). These are the 'repayment' mortgage or the 'interest-only' mortgage. Your **offer** will explain the repayment method.
- 5.2 With the repayment mortgage you gradually pay off the **capital** as well as the interest. This means each monthly payment pays some of the interest and some of the loan.
- 5.3 With the interest-only mortgage, your **monthly mortgage payments** only pay off the interest we charge. This includes interest on arrears. This does not include anything towards the **capital**. Therefore, at the end of the **repayment period**, you will need to pay us the outstanding **capital** at the time.

It is important you make plans to pay this amount and that you regularly check that your savings plan or other investment is on track to repay the **capital** at the end of the term.

Your **monthly mortgage payments** do not include the costs of any savings plan or other investments you may have arranged to build up a lump sum to repay the amount you borrowed. You must pay the premiums or contributions separately.

6 Costs and charges

If your total loan is for more than 80% of the purchase price or valuation of the **property** (whichever is lower) a higher lending charge may be required. We use this charge to buy insurance to give us some protection if we have to repossess and sell the **property** due to you falling significantly behind on mortgage payments and the amount recovered is not enough to cover the **whole debt**. The insurance we buy may be limited in both its application and the time during which it applies. If the amount recovered from our insurers is insufficient to cover all our loss, we may take action against you for the shortfall (just as we can if we do not take out insurance). The insurers may also take action against you to recover their outlay.

Where charges, fees or other costs are added to your **mortgage**, they are added to the loan account to which they relate. If the charge, fee or cost applies to your **mortgage** generally and your **mortgage** is made up of more than one loan account, it will be added to the loan account which was opened first.

7 Mortgage charges and changes to them

- 7.1 This condition 7 does not apply to:
- fees or charges that you have to pay under the terms of the **mortgage deed**

(including our **mortgage conditions booklet**) if you do not keep any of your promises under the **mortgage**; or

- arrangement fees for new or replacement mortgage products which we may offer you.
- 7.2 Until you repay the **whole debt** we may charge fees in relation to the operation of your **mortgage**. We also charge fees for providing any service in connection with the mortgage.

You **offer** will detail any fees you need to pay. Our mortgage fees and charges leaflet shows our standard charges for services we provide or work you ask us to do regarding your mortgage loan. You can find a copy of the mortgage fees and charges leaflet on our website or ask us for a copy at any time.

- 7.3 We can change our charges at any time (subject to condition 7.4). Changes may include removing or amending charges, or we may introduce new charges, or change the way you pay charges. We can make a change if we reasonably believe we need to make the change for one or more of the following reasons:

- because our costs have changed;
- to enable us to harmonise, in a reasonable manner, the charges being paid by our borrowers following an acquisition or transfer of mortgages or any takeover of, or merger with, another mortgage provider;
- because of a change in law, a decision by a court, ombudsman, regulator or similar person, or to comply with any code or statement of practice which applies to us.

If we introduce new charges, or increase existing charges, the amount of the new charge or the change will be proportionate to the reason for changing or introducing the charge.

- 7.4 Your **offer** will set out the fee for the work involved in releasing our charge over the **property**. We call this the 'Release Fee'. We will not change the Release Fee from the amount stated in your **offer**. The only reason we would increase the Release Fee is to cover an increase in cost we have to pay an outside body, such as the Land Registry.
- 7.5 Any new or increased charges will be shown in our mortgage fees and charges leaflet and we will tell you of any changes before you need to pay it.

8 Existing mortgages

If you already have a mortgage with us or another lender, you must repay it in full before, or at the same time as you take out this new loan, unless we have agreed something else.

9 Home improvements and repairs

9.1 Your builder or other contractors are responsible for the standard of work. We are not responsible for it.

9.2 If you are altering the structure of the **property**, make sure you get the right permissions. This may include planning consents, building regulations or both. Also make sure the **property** insurer agrees to the alterations. You need to ensure the **property** will remain properly insured.

10 Changes to terms and conditions of your mortgage

10.1 This condition applies to any change to the terms of the **mortgage** (including this **general conditions booklet** and the **mortgage conditions booklet**). This does not apply to how we can make changes to **interest rates** and charges. This is explained earlier in these conditions. Changes may include removing or amending a mortgage term or condition or including a new one.

10.2 We will only make a change if we reasonably believe we need to for one or more of the following reasons:

- to give extra benefit to borrowers (including making loan terms easier to understand);
- because of a change in law, a decision by a court, ombudsman, regulator or similar person, or to comply with any code or statement of practice which applies to us; and/or
- to correct errors where it is reasonable to do so.

10.3 We may also make a change at any time if you agree.

10.4 Where we make a change, we will tell you about it at least 14 days before it takes place, by letter or other personal notice.

We can make changes if we think the change is not to your disadvantage. We may not give you advance notice of this.

If there have been significant changes in any year we will send you a copy of the new terms and conditions or a summary of the changes.

11 Notices

11.1 Any document we need to send you about your **mortgage** can be sent by post to you at the **property** or to your last known address. We may also deliver it personally. We may also deliver it by email if you've given us an email address.

11.2 If we post it by first class, it will be treated as received 48 hours after posting. If we send it by email, it will be treated as received on the day we send the email. Delivery (other than by post) will be treated as received 24 hours after delivery.

12 Enforceability

If we cannot enforce any part of these conditions or of the other terms of our agreement with you, this will not affect our right to enforce the rest of it.

We may choose not to exercise any of our rights fully or delay it at any time. This will not mean that we cannot enforce these rights later. It will not change our right to enforce the rest of the agreement with you.

13 Membership of Nottingham Building Society

As a borrower, you will be a member of Nottingham Building Society. This means you're bound by the rules. You can get a copy of our rules from any of our branches. Our rules do not contain any extra obligations for your loan.

Your borrowing membership will end if you redeem your **mortgage** (fully repay it), or we use our rights under your **mortgage** to sell or take possession of your property. It may also end if we transfer any of our rights under your **mortgage** to someone else.

14 Jurisdiction

All our mortgage contracts are governed by English law and all our communications with you will be in English. You and we submit to the non-exclusive jurisdiction of the courts of England and Wales.

A mortgage offer does not mean that we guarantee or think that the price you are paying for the property is reasonable
– this is a private matter between you and the seller.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE



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